

HOUSE BILL REPORT

SSB 5554

As Passed House:

April 5, 2007

Title: An act relating to self-service storage facilities.

Brief Description: Concerning self-service storage facilities.

Sponsors: By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators McAuliffe, Clements and Kohl-Welles).

Brief History:

Committee Activity:

Commerce & Labor: 3/27/07, 3/30/07 [DP].

Floor Activity:

Passed House: 4/5/07, 97-0.

Brief Summary of Substitute Bill

- Clarifies that the first notice sent to a renter when rent in a self-storage facility is more than 14 days past due is a preliminary lien notice and the second notice is a final lien notice.
- Changes references to personal papers and personal effects to be personal papers and personal photographs.
- Sets forth the order of expenses to which the proceeds of a lien sale are applied.
- Adds definitions of "reasonable manner," "commercially reasonable manner," and "costs of the sale."

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Green, Moeller and Williams.

Staff: Sarah Beznoska (786-7109).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

When rent for a unit in a self-storage facility is more than 14 days past due, current law allows the owner of the storage facility to terminate the rental or lease agreement and place a lien on personal property stored in the unit. The owner must send a notice to the renter in writing, by first class mail. The notice must include:

- an itemized statement of the owner's claim showing the amounts due at the time of the notice and the date when the amounts become due;
- a statement that the occupant's right to use the storage space will terminate on a specified date (not less than 14 days after the mailing of the notice) unless all amounts due and to become due by that date are paid by the occupant prior to the specified date;
- a notice that the occupant may be denied or continue to be denied, as the case may be, access to the storage space after the termination date if the amounts are not paid, and that an owner's lien may be imposed; and
- the name, street address, and telephone number of the owner, or his or her designated agent, whom the occupant may contact to respond to the notice.

If the rent remains unpaid after the date specified in the first notice, the owner must notify the renter, by certified mail, that the right to use the storage space has terminated and the stored property, other than personal papers and effects, will be sold or disposed of on a date at least 14 days later, but not less than 42 days after the date rent was first past due.

The owner must allow the renter at least six months to reclaim personal papers and effects, and any excess amount received from the sale of the renter's personal property. If the property has a value of \$300 or more, a lien sale must be conducted in a commercially reasonable manner. Property having a value of less than \$300, and unclaimed personal papers and effects, may be disposed of in a reasonable manner. The owner must provide an accounting of the property's disposition to the renter at his or her last known address.

A person claiming a right to the property may stop the sale or disposition by paying the amount needed to satisfy the lien, and the owner's costs of complying with the statute. The owner must then retain the property, pending a court order directing the disposition of the property.

Summary of Bill:

The statute is clarified to refer to the first notice as a preliminary lien notice. The second notice is identified as a notice of final lien sale or final notice of disposition.

A statement is added providing that the owner of the facility is not required to sell the personal property within a maximum number of days of when the rent or other charges first became due.

All references to "personal effects" are changed to "personal photographs" so that the owner of a facility is required to allow the renter at least six months to reclaim personal papers and personal photographs before disposing of these in a reasonable manner.

New definitions are added. "Reasonable manner" means to dispose of personal property by donation to a not-for-profit charitable organization, removal of the personal property from the self-service storage facility by a trash hauler or recycler, or any other method that in the discretion of the owner is reasonable under the circumstances.

"Commercially reasonable manner" means a public sale of the personal property in the self-storage space. The personal property may be sold in the owner's discretion on or off the self-service storage facility site as a single lot or in parcels. If five or more bidders are in attendance at a public sale of the personal property, the proceeds received are deemed to be commercially reasonable.

"Cost of the sale" means reasonable costs directly incurred by the delivering or sending of notices, advertising, assessing, inventorying, auctioning, conducting a public sale, removing, and disposing of property stored in a self-service storage facility.

The order of expenses to which the proceeds of a lien sale are applied is clarified so that the proceeds are applied first to the costs of the sale and then to the amount of the lien.

A person claiming a right to the property to be sold or disposed of may stop the sale or disposition by paying the amount needed to satisfy the lien, and one month's rent. In these cases, the owner must keep the personal property pending a court order directing the disposition of the personal property. If the court order is not obtained within 30 days, the claimant must pay the monthly rental charge. If the rent is not paid, the owner may sell or dispose of the personal property. The owner has no liability to a claimant who fails to secure a court order in a timely manner or pay the required rental charge for any sale or other disposition of the personal property.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) We worked with the Attorney General's Office to make changes; the Attorney General is neutral. Clarifications were needed in statute related to issues about how sales were conducted. The bill makes things easier for tenants and owners. The bill also clarifies that there is no requirement to auction.

(Opposed) None.

Persons Testifying: Patrick Reilly, Terry Kohl, Alan Ameche, and Don Arsenault, Washington State Self-Storage Association.

Persons Signed In To Testify But Not Testifying: None.